

CONNECTICUT STATE DEPARTMENT OF EDUCATION  
BUREAU OF HEALTH AND NUTRITION SERVICES AND  
CHILD/FAMILY/SCHOOL PARTNERSHIPS  
25 INDUSTRIAL PARK ROAD  
MIDDLETOWN, CONNECTICUT 06457-1520

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TO: Child and Adult Care Food Program (CACFP) Sponsors – Adult Centers

FROM: Maureen B. Staggenborg, Director  
Child Nutrition Programs

DATE: November 18, 2005

SUBJECT: Operational Memorandum #04A-06 – Operational Issues  
**1. Internal Controls / Segregation of Duties**  
**2. Changes to Approved Sites**  
**3. Meals Obtained from an Outside Source - School Food Service Agreement/  
Food Service Management Company**

**1. Internal Controls / Segregation of Duties.** CACFP Regulations 7CFR§226.6(b) include three Performance Standards that state that each CACFP institution must document that it is financially **viable**, administratively **capable** and has internal controls and other management systems in effect to ensure fiscal **accountability**. Adequate **segregation of duties** is a necessary internal control that ensures that one individual does not have control over all phases of a transaction. Instead, the authorization of transactions, custody of assets, and record keeping functions are performed by separate individuals. This alleviates any potential weaknesses in internal controls that could lead to funds being expended in a manner not consistent with the intentions of management.

**For CACFP sponsors, an adequate segregation of duties is achieved when the person who prepares the monthly claim for reimbursement (Form ED-103 Schedule D) is different than the person who signs the claim form. All CACFP institutions are reminded that claim forms that are prepared and signed by the same individual will be returned to the sponsor for correction, which could delay CACFP reimbursements.**

**2. Changes to Approved Sites.** The attached Form ED-099 Schedule A *Attachment (Application for Individual Site)* must be submitted for approval **prior** to claiming meals whenever a new site is added or relocated, or if changes are made to the type of meal service. Supporting documentation including a copy of the Peer Review Certification, and/or a month's worth of menus for a new type of meal service **MUST** accompany the Site Application. In addition:

- Sponsors must conduct pre-approval visits of new sites and train staff to ensure CACFP compliance; documentation in support of these efforts must be retained on file with all other CACFP records for three years and three months.
- Written notification must also be submitted to the Child Nutrition Unit whenever a site is closed or removed from CACFP.
- Sponsors with multiple sites must comply with the CACFP monitoring requirement, which states that each approved site must be monitored three times each year; at least two of the 3 visits must be unannounced; at least one of the unannounced visits must include observation of a meal service; new facilities must be reviewed within the first 4 weeks of Program operations; and no more than 6 months may elapse between monitoring reviews.

**3. Meals Obtained from an Outside Source.** Meals not prepared by the sponsor either on site (self-prep) or from the sponsor's central kitchen are considered to be obtained (vended) from an outside source. It is essential that any sponsor intending to change from self-prep to vended meals contact the Child Nutrition Unit prior to entering into any arrangement with an outside party. Failure to do so may result in disallowed claims, as this would be a violation of CACFP Regulations 7CFR§226.22 (*Procurement standards*).

Competitive bidding procedures are required for procuring meals from an outside source such as a Food Service Management Company (FSMC), for-profit or nonprofit organizations. The small purchase threshold for all non-governmental not-for-profit organizations operating U.S. Department of Agriculture (USDA) entitlement programs is \$100,000. Formal bid advertising requirements are required for the purchase of goods and/or services with an annual cost exceeding \$100,000. Formal bid advertising is not required for the purchase of goods and services with a value less than \$100,000; however, all procurement transactions must be conducted in a manner to provide, to the maximum extent practical, free and open competition. This includes the requirement to solicit price quotations and perform cost and price analysis. Meals can also be obtained from a school food service through a specific agreement with a Board of Education.

Sponsors who currently have an approved contract or agreement for obtaining meals from an outside source should have previously submitted their FSMC contract, FSMC addendum or *School Food Service Agreement* to the Child Nutrition Unit as part of the FY2005-06 CACFP application renewal process. If you have **not** already submitted a copy of your FSMC contract, FSMC addendum or School Food Service Agreement to the Child Nutrition Unit, please submit the required information at this time.

Please contact Susan Boyle at (860) 807-2074, Celia Cordero at (860) 807-2076 or Benedict Onye at (860) 807-2080 if you have any questions.

Enclosures

MBS:shb